

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **VICE CHAIRMAN WILLIAM CRISMORE**, on January 18, 2001 at 8:30 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Rep. Dick Haines, Chairman (R)
Sen. William Crismore, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Linda Nelson (D)
Sen. Bill Tash (R)
Rep. Joe Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Doug Schmitz, OBPP
Todd Younkin, Legislative Branch
Amber Sauer, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Department of Agriculture,
1/18/2001
Executive Action: Central Management Division,
Agricultural Sciences
Division, Agricultural
Development Division

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HEARING ON THE DEPARTMENT OF AGRICULTURE

Mr. Todd Younkin, LFD Representative, explained the procedure to be followed in the hearing and gave the committee various pieces of information to be used later.

CENTRALIZED MANAGEMENT DIVISION

Mr. Ralph Peck, Director of the Department of Agriculture, introduced the department and handed out a brief overview of the department.

EXHIBIT (jnh14a01)

EXECUTIVE ACTION ON CENTRALIZED MANAGEMENT DIVISION

Motion/Vote: SEN. NELSON moved that DP 4 BASE BUDGET ADJUSTMENTS BE ADOPTED. Motion carried 5-0.

Motion/Vote: SEN. TASH moved that DP 2 FUND SWITCH-ACCT TECH CMD BE ADOPTED. Motion carried 5-0.

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Mr. Ralph Peck spoke on DP-3 stating that one of the challenges has been to work with the computers and keeping up with new technology. They have been trying to evaluate their electronic needs to have the computer be a benefit to the department. The goal is to devise a strategic plan and use the best approach. **REP. TASH** questioned if this will mean adding an additional FTE. **Mr. Peck** clarified that this person is already on board; they would just like to make this be a permanent position.

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Ms. Frieda Houser, Administrator of Central Management, spoke on the upgrade of a computer position from a grade 16 to grade 19. She stated they have requested a statewide survey to determine the average that position was paying. The results came back with an average hourly rate of \$24/hour. The reason for wanting to upgrade the pay in this position is to become more competitive with other state agencies. With the current pay, after their employee gets some experience they tend to move on. The hope is that with the higher paying position, they would be able to have less turnover.

Motion/Vote: SEN. NELSON moved that DP 3 ELECTRONIC TRANSACTIONS STRATEGIC PLANNING BE ADOPTED WITH THE LFD RECOMMENDATION. Motion carried 5-0.

AGRICULTURAL SCIENCES DIVISION

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Mr. Peck gave an overview of the Agricultural Sciences Division.

Mr. Peck stated they are committed to look at every fee in the Department of Agriculture as most of the fees have not increased in the last seven to ten years. **REP. TROPILA** asked if they are raising their fees this session. **Mr. Peck** responded there are currently two fee increases proposed in bills before the legislature this session.

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EXECUTIVE ACTION ON AGRICULTURAL SCIENCES DIVISION

Motion/Vote: SEN. NELSON moved that DP 2 BASE BUDGET ADJUSTMENTS BE ADOPTED. Motion carried 6-0.

Mr. Younkin explained DP-6. **Mr. Peck** stated letters had been sent in support of increasing the seasonal potato inspectors. **Mr. Peck** spoke of the increased workload this project creates for the department. There is also a startup cost and no revenue will be generated until the organic project is up and running.

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Motion/Vote: REP. TROPILA moved that DP-6 INCREASE SEASONAL POTATO INSPECTORS BE ADOPTED. Motion carried 6-0.

Mr. Younkin continued with DP-7. He has an LFD issue with the Organic Certification Program and the LFD recommendation is be restricted and a one-time-only appropriation. **Mr. Peck** explained the program and how they arrived at the funding request. He stated the Governor is in favor of this program. He introduced members of the audience for public testimony.

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PUBLIC TESTIMONY

Mr. Mackin, Certified Organic Producer, spoke in favor of DP-7. He has been an organic producer since 1994. He stated the organic business is growing at about 20% per year. One of the main problems with the organic business is keeping products on the shelf. Store owners would like to have some consistent availability of products. There are currently 160-180 organic growers right now, and he feels that the market could very easily handle double that number of growers. The State Organic Seal would be a very beneficial sales tool to have on the products,

and he wanted to let the committee know how important this was to him.

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Mr. Jon Tester, Dryland Organic Farmer, spoke in favor of DP-7 and said that he feels we definitely need this program for the State of Montana.

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REP. KAUFMANN asked if the revenue account from wheat and barley could be used to fund this program. **Mr. Peck** responded it may be unconstitutional to do that, but he would check on it and report back to the committee.

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Greg Madison, Dryland Organic Wheat Farmer, spoke on behalf of DP-7. He is the treasurer for his local organic chapter. The chapter currently has 35 members, and continues to grow at about 10% per year. Representation by a State Certifier would be greatly appreciated. He would prefer to be locally represented by the State of Montana as opposed to the USDA on a national level.

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Chris Huerta, Organic Grower, Whitehall, spoke in favor of DP-7. He stated that a great deal of the organic foods in stores right now are not coming from Montana. He currently pays a fee of \$125 per year to have a private organic certification. He feels that this fee is too high for small growers.

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SEN. NELSON spoke about an organic elevator in her area. She stated the owner had approached her asking what he could do. It appeared there was a person delivering grain to the elevator and calling it organic; however, the owner was fairly sure that it was not organic. He asked what could be done to ensure authenticity. **Mr. Steve Baril** stated the organic certification program would make sure that commodities met the national standards.

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Ms. Anita Huerta, Organic Grower, Whitehall, spoke in favor of DP-7. She stated she has learned there are now 30 different organic certification organizations in the State. She has had some problems with the organic certification organization they belong to, and even though they have paid their fees, they have not received their certification for this year.

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SEN. NELSON asked for more information on the possibility of funding organic growing from Wheat and Barley money. **Mr. Peck** replied he could go to the Wheat and Barley Committee and request the money for market development and advertising. **SEN. NELSON** felt this is important; when something is said to be organic, it should be organic. **REP. KAUFMAN** agreed regarding the importance of the program. The decision was reached at this point that executive action on DP-7 would be delayed until January 19, 2001, which would give Mr. Peck an opportunity to gather information on alternative sources of funding.

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Mr. Peck spoke to DP-8. The increased funding is due to the fact that the pathologist they have hired is required to carry liability insurance. The additional funding would help offset the cost of the mandatory insurance for this person.

CONTINUED EXECUTIVE ACTION ON AGRICULTURAL SCIENCES DIVISION

Motion/Vote: **SEN. NELSON** moved that **DP 8 ALFALFA SEED PHYTOSANITARY INSPECTION BE ADOPTED**. Motion carried 6-0.

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DP-9 was addressed by **Mr. Peck**. He stated this is a pilot program working with the USDA regarding inspections. They are working to have only one inspection as opposed to currently having two, one by the State and one by the Federal.

Motion/Vote: **SEN. CRISMORE** moved that **DP-9 AGRICULTURE COMMODITIES CONTRACT BE ADOPTED**. Motion carried 6-0.

CHAIRMAN HAINES went on record stating that he is not concerned that DP-9 not be specified as one time only.

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Mr. Peck addressed DP-10. The intent of the study is ensure that the seed does not pass through the animal.

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Mr. George Algaard stated that by grinding the weed seeds and adding steam, it appears to be 99% effective in stopping the seed from being viable once it is passed through the animal.

Motion/Vote: SEN. NELSON moved that DP 10 FEED STUDY ON WEED SEED STANDARDS BE ADOPTED. Motion carried 6-0.

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Mr. Peck continued with DP-11. He feels the Department needs to be trained in recent developments in Genetically Modified Organisms Training issues. **CHAIRMAN HAINES** asked the training would qualify a staff member to be a spokesman on issues. **Mr. Peck** stated that would be their objective.

Motion/Vote: REP. TROPILA moved that DP-11 GENETICALLY MODIFIED ORGANISMS TRAINING BE ADOPTED. Motion carried 6-0.

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Motion/Vote: SEN. CRISMORE moved that DP-4 NEW PROPOSAL RECORD KEEPING GRANT BE ADOPTED. Motion carried 6-0.

Motion/Vote: SEN. NELSON moved that DP-5 NEW PROPOSAL EPA SPECIAL GRANTS FUNDS ONE TIME ONLY BE ADOPTED. Motion carried 6-0.

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Todd Younkin, LFD Representative, presented a request from the Department of Agriculture to gain approval for a loan application fee and loan origination fees.

EXHIBIT (jnh14a02)

Motion/Vote: SEN. TASH moved that THE REQUEST TO CHANGE THE LOAN APPLICATION FEE TO \$50 PER LOAN AND CHANGE THE LOAN ORIGINATION FEE TO 1.5% OF THE BOND AMOUNT BE ADOPTED. Motion carried 6-0.

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Mr. Peck spoke on the alfalfa leaf-cutting bee account and described how farmers send in a sample to the lab. The lab is

able to determine if there are possible pathogens in the larva, as well as determine the sex ratio. The fee for this is \$30/per sample.

Motion/Vote: SEN. TASH moved to HAVE LEAF CUTTING BEE SAMPLES BE CHARGED AT A RATE OF \$30 PER SAMPLE BE ADOPTED. Motion carried 6-0.

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AGRICULTURAL DEVELOPMENT DIVISION

Mr. Will Kissinger, Administrator, Agricultural Development Division, gave a brief overview of the division including the organizational chart, a breakdown by funding source, and a breakdown by program.

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EXECUTIVE ACTION ON AGRICULTURAL DEVELOPMENT DIVISION

Mr. Peck spoke on DP-12. He explained this is a result of the railroad mergers. It is hard to predict what funding is needed for the next two years.

Motion/Vote: SEN. CRISMORE moved that DP-12 RAIL TRANSPORTATION TECHNICAL ASSISTANCE ONE TIME ONLY, RESTRICTED AND BIENNIAL BE ADOPTED. Motion carried 6-0.

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Motion/Vote: SEN. NELSON moved that DP-5005 IN-STATE LODGING RATE INCREASE BE ADOPTED. Motion carried 6-0.

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Mr. Peck spoke on DP-5006. He stated the laboratory is a fee for service lab. A bad year for farmers would produce much more work than a good year.

Motion/Vote: SEN. CRISMORE moved that DP-5006 STATE GRAIN LABORATORY BASE ADJUSTMENT BE ADOPTED. Motion carried 6-0.

Motion/Vote: REP. TROPILA moved that DP-5007 WHEAT AND BARLEY BASE ADJUSTMENTS BE ADOPTED. Motion carried 6-0.

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Motion/Vote: SEN. NELSON moved that DP-5008 HAIL INSURANCE PROGRAM BASE ADJUSTMENT BE ADOPTED. Motion carried 6-0.

Motion/Vote: SEN. TASH moved that DP-5009 NON-EMPLOYEE PER DIEM BASE ADJUSTMENT BE ADOPTED. Motion carried 6-0.

Motion/Vote: SEN. CRISMORE moved that DP-5010 AGRICULTURE IN MONTANA SCHOOLS BE ADOPTED. Motion carried 6-0.

Mr. Younkin stated there was no need for action on DP 5012 Vision 2005, Growth Through Agriculture, as it is a statutory appropriation. The Department will be asking the legislature for continued support.

CHAIRMAN HAINES adjourned the meeting.

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. DICK HAINES, Chairman

AMBER SAUER, Secretary

DH/AS

EXHIBIT (jnh14aad)